

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 AID-05 AGR-05 CIAE-00 INR-07

NSAE-00 TRSE-00 OMB-01 COME-00 SS-15 /051 W

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R 131245Z JAN 76

FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHINGTON DC 2707

C O N F I D E N T I A L MANAMA 034

FOR NEA SOBER AND NEA/ARP DICKMAN

E.O. 11652: GDS

TAGS : EAID, BA

SUBJECT : GOB INTEREST IN U.S. WHEAT UNDER PL 480

1. BAHRAIN'S MINISTER OF COMMERCE, AGRICULTURE AND ECONOMY, IBRAHIM ABDULKARIM, HAS RAISED WITH ME POSSIBILITY BAHRAIN PURCHASE U.S. WHEAT UNDER CONCESSIONARY TERMS, PRESUMABLY UNDER PL 480. IBRAHIM STRESSED THAT, WHILE HE HAD CLEARED RAISING THIS QUESTION WITH FOREIGN MINISTER, HE WAS MAKING STRICTLY INFORMAL SOUNDING IN VIEW GOB'S LACK OF FAMILIARITY WITH CONDITIONS AND REQUIREMENTS OF U.S. SURPLUS GRAIN SALES. IBRAHIM SAYS BAHRAIN'S WHEAT IMPORT PROJECTION FOR THE NEXT SEVERAL YEARS IS APPROXIMATELY 20,000 TONS ANNUALLY AND THAT CURRENTLY BAHRAIN'S WHEAT IS COMING FROM AUSTRALIA AT A LANDED PRICE SLIGHTLY BETTER THAN THE NORMAL MARKET PRICES BECAUSE BAHRAIN IS SHARING AUSTRALIAN SHIPMENTS WITH KUWAIT AND THUS SAVING ON FREIGHT CHARGES. AS DEPARTMENT AWARE, THERE IS KUWAITI PARTICIPATION IN BAHRAIN FLOUR MILL COMPANY WHICH IS PRIMARY USER OF IMPORTED WHEAT HERE. IBRAHIM SAID BASIS FOR GOB'S INFORMAL REQUEST IS ITS CONCERN WITH INCREASING BUDGETARY BURDEN OF SUBSIDIZING WHEAT IMPORTS UNDER ITS BASIC COMMODITY PRICE CONTROL PROGRAM. HENCE, GOB WOULD WELCOME U.S. HELP IN PROVIDING WHEAT ON CONCESSIONARY TERMS IF THIS WERE LEGALLY POSSIBLE AND WORTHWHILE FROM PRACTICAL STANDPOINT.

2. I TOLD MINISTER I WOULD MAKE INFORMAL INQUIRY TO DEPART-  
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MENT BUT THAT FOLLOWING RESERVATIONS CAME IMMEDIATELY TO MIND:

WE HAD SUPERFICIALLY AND BRIEFLY LOOKED AT POSSIBILITY OF CONCESSIONARY PL 480 SALES AS A MEANS OF PROVIDING USG SUPPORT TOWARD COST OF PROPOSED TECHNICAL ASSISTANCE PROGRAM FOR BAHRAIN AND HAD REACHED TENTATIVE CONCLUSION GOING THIS ROUTE RAISED MORE PROBLEMS THAN BENEFITS; SINCE SALES TO GOB WOULD BE HARD CURRENCY SALES THERE WAS COMPLICATED PROBLEM OF MEETING PL 480 REQUIREMENTS THAT TRANSACTIONS NOT DISRUPT NORMAL WORLD TRADE PATTERNS SUCH AS PRESENT AUSTRALIAN/BAHRAIN WHEAT TRADE; I ASSUME PL 480 SALES TO BAHRAIN WOULD REQUIRE LEGISLATIVE APPROVAL AND THOUGHT IT WOULD BE DIFFICULT TO JUSTIFY CONCESSIONARY TERMS FOR A COUNTRY AS WEALTHY AS BAHRAIN WHEN THRUST IN U.S. SURPLUS FOOD PROGRAM, PARTICULARLY ON PART OF CONGRESS, WAS TO FOCUS ON THE POOREST COUNTRIES; MOST PRACTICAL PROBLEM WAS WHETHER WE HAVE AND ARE LIKELY TO HAVE IN THE FUTURE ANY SURPLUS WHEAT TO SELL; AND IN VIEW OF SMALL AMOUNT OF WHEAT BAHRAIN REQUIRES MEASURED AGAINST SUBSTANTIAL LEGAL AND BUREAUCRATIC PROBLEMS INVOLVED IN ARRANGING PL 480 SALES, THERE WAS QUESTION IN MY MIND WHETHER GOB WOULD DERIVE ANY NET BENEFIT FROM TRYING TO ACHIEVE SMALL FINANCIAL SAVINGS BY MEANS OF SUCH COMPLICATED TRADE ARRANGEMENTS.

3. I POINTED OUT TO MINISTER THAT A GOOD LAWYER'S ARGUMENT COULD PROBABLY BE MADE THAT CONCESSIONARY SALES TO BAHRAIN WOULD SERVE U.S. INTERESTS IN PROMOTING ORDERLY DEVELOPMENT IN THE GULF BY SUPPORTING A KEY GOB ECONOMIC REFORM PROGRAM. I TOLD HIM FRANKLY THAT THIS ARGUMENT MIGHT NOT BE PERSUASIVE IN THE LIGHT OF BAHRAIN'S AFFLUENCE AS PERCEIVED IN WASHINGTON AND REITERATED THAT, EVEN IF IT WERE POSSIBLE TO ARRANGE THE PROGRAM, IT MIGHT NOT BE SUFFICIENTLY SIGNIFICANT TO MAKE IT WORTH THE BOTHER.

4. AT MINISTER'S REQUEST, I AM BY THIS MESSAGE SEEKING YOUR GUIDANCE SO THAT I MAY MAKE AN INFORMED FOLLOW UP RESPONSE TO MINISTER'S INFORMAL REQUEST.  
TWINAM

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## Message Attributes

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